

0039



OLENE S. WALKER  
Governor  
GAYLE F. McKEACHNIE  
Lieutenant Governor

# State of Utah

DEPARTMENT OF NATURAL RESOURCES  
Division of Oil, Gas & Mining

ROBERT L. MORGAN  
Executive Director

LOWELL P. BRAXTON  
Division Director

OUTGOING -  
00150015

## DIVISION OF OIL, GAS AND MINING FACSIMILE COVER SHEET

DATE: November 18, 2004  
FAX#: 1-860-277-3931  
ATTN: Chris Murphy  
COMPANY: Travelers  
DEPARTMENT: \_\_\_\_\_

NUMBER OF PAGES (INCLUDING THIS ONE): 10

FROM: PAM GRUBAUGH-LITTLE

If you do not receive all of the pages, or if they are illegible, please call (801) 538-5340.  
We are sending from a Sharp facsimile machine. Our telecopier number is (801) 359-3940.

MESSAGES: Thank you for verifying  
this surety bond.  
My phone # is  
801-538-5268.

Important: This message is intended for the use of the individual or entity to which it is addressed and may contain information that is privileged, confidential and exempt from disclosure under applicable law. If the reader of this message is not the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone and return this original message to us at the above address via regular postal service. Thank you.

*[Handwritten signature]*  
PAM

**EXHIBIT "B"**

**Bonding Agreement  
Surety Bond**

(Federal Coal)

**COPY**

Surety Bond Number 64S104243678BCM

**BOND REPLACES SEABOARD SURETY COMPANY  
BOND #188617 FOR \$3,454,443.00**

**EXHIBIT "B"  
SURETY BOND  
(FEDERAL COAL)  
--ooOOoo--**

This **SURETY BOND** entered into and by and between the undersigned **PERMITTEE/PRINCIPAL C & P COAL CORPORATION**, and **SURETY \*\***, hereby jointly and severally bind ourselves, our heirs, administrators, executors, successors and assigns unto the State of Utah, Division of Oil, Gas and Mining (hereafter referred to as the "**DIVISION**"), and the U.S. Department of the Interior, Office of Surface Mining Reclamation and Enforcement (hereafter referred to as "**OSM**") in the penal sum of TWO MILLION TWO HUNDRED TWELVE THOUSAND AND NO/100 (\$) (Surety Bond Amount) for the timely performance of reclamation responsibilities of the Permittee in the Bonded Area described in Exhibit "A" of that certain **RECLAMATION AGREEMENT**, dated the 27<sup>TH</sup> day of FEBRUARY, 2004 by and between the **DIVISION** and the **PERMITTEE/PRINCIPAL**.

**\*\*TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA**

This **SURETY BOND** shall remain in effect until all of the **PERMITTEE'S/PRINCIPAL'S** reclamation obligations have been met and released by the **DIVISION** with the concurrence of **OSM** and is conditioned upon faithful performance of all of the requirements of the Utah Coal Mining Reclamation Act, Utah Code Ad. §40-12-2 et. seq. (the **ACT**), the Surface Mine Control and Reclamation Act ("**SMCRA**"), and all lawful regulation adopted under the authority of those statutes, and the approved Permit (which is based upon the approved Permit Application Package).

The **SURETY** will not cancel this bond at any time for any reason, including non-payment of premium or bankruptcy of the **PERMITTEE/PRINCIPAL** during the period of liability.

The **SURETY** and their successors and assigns, agree to guarantee the obligation and to indemnify, defend, and hold harmless the **DIVISION** and **OSM** from any and all expenses which the **DIVISION** may sustain as a result of the **PERMITTEE'S/PRINCIPAL'S** failure to comply with the condition(s) of the reclamation obligation.

The **SURETY** will give prompt notice to the **PERMITTEE/PRINCIPAL**, the **DIVISION** and **OSM** of any notice received or action alleging the insolvency or bankruptcy of the **SURETY**, or alleging any violations or regulatory requirements which could result in suspension or revocation of the **SURETY'S** license.

Upon incapacity of the **SURETY** by reason of bankruptcy, or suspension or revocation of license, the **PERMITTEE/PRINCIPAL** shall be deemed to be without Bond coverage in violation of state and federal law and subject to enforcement in accordance with **SMCRA**, the **ACT**, and the applicable regulations.

**COPY**

Surety Bond Number 64S104243678BCM

Mine Name/Number C/015/0015

The terms for release of this **BOND** are as written and agreed to by the **DIVISION** and the **PERMITTEE/PRINCIPAL** in the **RECLAMATION AGREEMENT**, incorporated by reference herein, to which this **SURETY AGREEMENT** has been attached as Exhibit "B".

In the event the Utah Cooperative Agreement is terminated, this **SURETY BOND** shall be payable only to the OSM to the extent that lands covered by the Federal Lands Program are involved and otherwise to the **DIVISION**.

IN WITNESS WHEREOF, the **PERMITTEE/PRINCIPAL** has hereunto set its signature and seal this 27<sup>th</sup> day of Feb, 2004.

C & P COAL CORPORATION  
PERMITTEE/PRINCIPAL

By: 

Title: PRESIDENT

27<sup>TH</sup> day of FEBRUARY, 2004.  
IN WITNESS WHEREOF, the **SURETY** has hereunto set its signature and seal this

TRAVELERS CASUALTY AND  
SURETY COMPANY OF AMERICA  
SURETY

  
Title: RICHARD C. ROSE,  
ATTORNEY-IN-FACT

COPY

**SURETY BONDING AGREEMENT ACCEPTED BY THE STATE OF UTAH:**

\_\_\_\_\_

Exhibit "B"  
Federal Surety Bond  
Federal

Director  
Division of Oil, Gas and Mining

**NOTE:** An **Affidavit of Qualification** must be completed and attached to this form for each authorized agent\or officer. Where one signs by virtue of Power of Attorney for a company, such Power of Attorney must be filed with the Agreement. If the **PERMITTEE** is a corporation, the Agreement shall be executed by its duly authorized officer.

COPY

# **EXHIBIT "A"**

**Bonded Area  
Legal Description**

(Federal Coal)

**COPY**

Exhibit "A"  
Legal Description  
Federal

Bond Number 64S104243678BCM

**EXHIBIT "A"**

Pursuant to R645-301- 820.110, the surety bond covers an identified increment of land within the permit area upon which the operator will initiate and conduct coal mining and reclamation operations during the initial term of the permit. This area is identified as:

Map(s) showing the BONDED AREA within the approved PERMIT AREA :

Bonding Map

**Legal description of BONDED AREA:**

S $\frac{1}{2}$  NE $\frac{1}{4}$  Sec.19 T22S R6E; SE $\frac{1}{4}$  Sec.19 T22S R6E; E $\frac{1}{2}$  SW $\frac{1}{4}$  Sec.19 T22S R6E;  
S $\frac{1}{2}$  Sec.20 T22S R6E; S $\frac{1}{2}$  NE $\frac{1}{4}$  Sec.20 T22S R6E; SE $\frac{1}{4}$  NW $\frac{1}{4}$  Sec.20 T22S R6E;  
S $\frac{1}{2}$  Sec.21 T22S R6E; S $\frac{1}{2}$  N $\frac{1}{2}$  Sec.21 T22S R6E; SW $\frac{1}{4}$  SW $\frac{1}{4}$  Sec.22 T22S R6E;  
E $\frac{1}{2}$  NW $\frac{1}{4}$  Sec.30 T22S R6E; SW $\frac{1}{4}$  NW $\frac{1}{4}$  Sec.30 T22S R6E; E $\frac{1}{2}$  Sec.30 T22S R6E;  
E $\frac{1}{2}$  SW $\frac{1}{4}$  Sec.30 T22S R6E; N $\frac{1}{2}$  NW $\frac{1}{4}$  SW $\frac{1}{4}$  Sec.30 T22S R6E; Sec.29 T22S R6E;  
Sec.28 T22S R6E; W $\frac{1}{2}$  Sec.27 T22S R6E; Sec.31 T22S R6E; Sec.32 T22S R6E;  
W $\frac{1}{2}$  Sec.33 T22S R6E; NE $\frac{1}{4}$  Sec.33 T22S R6E in Emery County, Utah.

The above described area shall be modified as necessary to correspond to an increase in the area disturbed as a result of an expansion of coal mining and reclamation operations, or as a result of material surface damage that is caused by a result of subsidence. The described area may also be decreased as a result of partial reclamation.

**IN WITNESS WHEREOF** the SURETY has hereunto set its signature and seal this

27<sup>TH</sup> day of FEBRUARY , 2003

TRAVELERS CASUALTY  
AND SURETY COMPANY  
OF AMERICA

SURETY

COPY

By: 

RICHARD C. ROSE, ATTORNEY-IN-FACT

**TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA  
TRAVELERS CASUALTY AND SURETY COMPANY  
FARMINGTON CASUALTY COMPANY  
Hartford, Connecticut 06183-9062**

**POWER OF ATTORNEY AND CERTIFICATE OF AUTHORITY OF ATTORNEY(S)-IN-FACT**

**KNOW ALL PERSONS BY THESE PRESENTS, THAT TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, TRAVELERS CASUALTY AND SURETY COMPANY and FARMINGTON CASUALTY COMPANY,** corporations duly organized under the laws of the State of Connecticut, and having their principal offices in the City of Hartford, County of Hartford, State of Connecticut, (hereinafter the "Companies") hath made, constituted and appointed, and do by these presents make, constitute and appoint: **Richard C. Rose, Jeremy C. Rose, Janice Fennell, of Knoxville, Tennessee,** their true and lawful Attorney(s)-in-Fact, with full power and authority hereby conferred to sign, execute and acknowledge, at any place within the United States, the following instrument(s): by his/her sole signature and act, any and all bonds, recognizances, contracts of indemnity, and other writings obligatory in the nature of a bond, recognizance, or conditional undertaking and any and all consents incident thereto and to bind the Companies, thereby as fully and to the same extent as if the same were signed by the duly authorized officers of the Companies, and all the acts of said Attorney(s)-in-Fact, pursuant to the authority herein given, are hereby ratified and confirmed.

This appointment is made under and by authority of the following Standing Resolutions of said Companies, which Resolutions are now in full force and effect:

VOTED: That the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President, any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary may appoint Attorneys-in-Fact and Agents to act for and on behalf of the company and may give such appointee such authority as his or her certificate of authority may prescribe to sign with the Company's name and seal with the Company's seal bonds, recognizances, contracts of indemnity, and other writings obligatory in the nature of a bond, recognizance, or conditional undertaking, and any of said officers or the Board of Directors at any time may remove any such appointee and revoke the power given him or her.

VOTED: That the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President may delegate all or any part of the foregoing authority to one or more officers or employees of this Company, provided that each such delegation is in writing and a copy thereof is filed in the office of the Secretary.

VOTED: That any bond, recognizance, contract of indemnity, or writing obligatory in the nature of a bond, recognizance, or conditional undertaking shall be valid and binding upon the Company when (a) signed by the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary and duly attested and sealed with the Company's seal by a Secretary or Assistant Secretary, or (b) duly executed (under seal, if required) by one or more Attorneys-in-Fact and Agents pursuant to the power prescribed in his or her certificate or their certificates of authority or by one or more Company officers pursuant to a written delegation of authority.

**This Power of Attorney and Certificate of Authority is signed and sealed by facsimile (mechanical or printed) under and by authority of the following Standing Resolution voted by the Boards of Directors of TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, TRAVELERS CASUALTY AND SURETY COMPANY and FARMINGTON CASUALTY COMPANY, which Resolution is now in full force and effect:**

VOTED: That the signature of each of the following officers: President, any Executive Vice President, any Senior Vice President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Secretary, and the seal of the Company may be affixed by facsimile to any power of attorney or to any certificate relating thereto appointing Resident Vice Presidents, Resident Assistant Secretaries or Attorneys-in-Fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, and any such power of attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by such facsimile signature and facsimile seal shall be valid and binding upon the Company in the future with respect to any bond or undertaking to which it is attached.

COPY



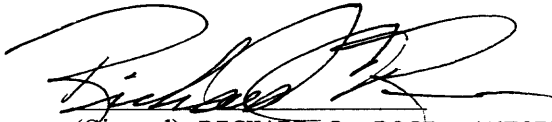
**AFFIDAVIT OF QUALIFICATION  
SURETY COMPANY**

--ooOOoo--

I, RICHARD C. ROSE, being first duly sworn under oath, deposes and says that he/she

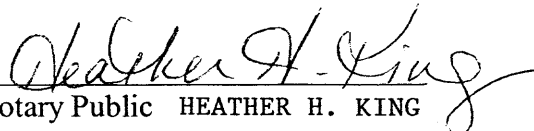
is the (officer or agent) AGENT, ATTORNEY-IN-FACT of TRAVELERS  
CASUALTY AND SURETY COMPANY OF AMERICA;

and that he/she is duly authorized to execute and deliver the foregoing obligations; and that said SURETY COMPANY is authorized to execute the same and has complied in all respects with the laws of Utah in reference to becoming sole surety upon bonds, undertakings and obligations herein.

  
(Signed) RICHARD C. ROSE, ATTORNEY-IN-FACT  
Surety Company Officer - Position

Subscribed and sworn to before me this 27<sup>TH</sup> day of FEBRUARY 2004.

**COPY**

  
Notary Public HEATHER H. KING

My Commission Expires:

MARCH 28, 2007.

WITNESS:

~~XXXX~~

  
MICHELLE EDWARDS

STATE OF TENNESSEE )

) ss:

COUNTY OF KNOX )



## **IMPORTANT DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE**

On November 26, 2002, President Bush signed into law the Terrorism Risk Insurance Act of 2002 (the "Act"). The Act establishes a short-term program under which the Federal Government will share in the payment of covered losses caused by certain acts of international terrorism. We are providing you with this notice to inform you of the key features of the Act, and to let you know what effect, if any, the Act will have on your premium.

Under the Act, insurers are required to provide coverage for certain losses caused by international acts of terrorism as defined in the Act. The Act further provides that the Federal Government will pay a share of such losses. Specifically, the Federal Government will pay 90% of the amount of covered losses caused by certain acts of terrorism which is in excess of Travelers' statutorily established deductible for that year. The Act also caps the amount of terrorism-related losses for which the Federal Government or an insurer can be responsible at \$100,000,000,000.00, provided that the insurer has met its deductible.

Please note that passage of the Act does not result in any change in coverage under the attached policy or bond (or the policy or bond being quoted). Please also note that no separate additional premium charge has been made for the terrorism coverage required by the Act. The premium charge that is allocable to such coverage is inseparable from and imbedded in your overall premium, and is no more than one percent of your premium.

**COPY**

2126/04

Acordia of WV-Bluefield  
320 Federal Street  
PO Box 1439  
Bluefield WV 24701  
(304) 327-3421

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

## COMPANIES AFFORDING COVERAGE

**A** Federal Insurance Company

B

C

D

C & P Coal Corporation  
1366 Murray-Holladay Road  
Salt Lake City, UT 84117-5050

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

DATE	TIME	DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS

Location: Hidden Valley Mine, Permit #C/015/0007 Emery Mine, Permit #C/015/0015.  
XCU coverages are included in the form. General Liability Deductible - \$5,000 per claim

State of Utah  
Division of Oil, Gas & Mining  
1594 W. North Temple  
Suite #1210  
Salt Lake City, UT 84114-5801

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL endeavor to MAIL 45 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT.

~~XX~~  
~~XX~~  
~~OF ANY CITY WITHIN THE TERRITORY ITS AGENTS OR REPRESENTATIVES~~  
~~THORIZED REPRESENTATIVE~~

ACORD 25-S (1/95)

ACORD CORPORATION 1988

CERTIFICATE: 001/001/ 00001

COPY

## IMPORTANT

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

## DISCLAIMER

The Certificate of Insurance on the reverse side of this form does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.

COPY

TRANSACTION REPORT

P. 01

NOV-18-2004 THU 01:07 PM

FOR: OIL, GAS & MINING

801 359 3940

DATE	START	RECEIVER	TX TIME	PAGES	TYPE	NOTE	M#	DP
NOV-18	01:05 PM	18602773931	2' 16"	8	SEND	OK	641	

TOTAL : 2M 16S PAGES: 8



OLENE S. WALKER  
Governor

GAYLE F. McKEACHNIE  
Lieutenant Governor

# State of Utah

DEPARTMENT OF NATURAL RESOURCES  
Division of Oil, Gas & Mining

ROBERT L. MORGAN  
Executive Director

LOWELL P. BRAXTON  
Division Director

*Outgoing*  
*9/15/05*

## DIVISION OF OIL, GAS AND MINING FACSIMILE COVER SHEET

DATE: November 18, 2004

FAX#: 1-860-277-3931

ATTN: Chris Murphy

COMPANY: Travelers

DEPARTMENT: \_\_\_\_\_

NUMBER OF PAGES (INCLUDING THIS ONE): 10

FROM: PAM GRUBAUGH-LITTLE

*Assigned  
of Actra  
Travelers.*  
*860-277-*

860-277-0111  
A  
Chris Murphy

TRANSACTION REPORT

P. 01

NOV-18-2004 THU 01:08 PM

FOR: OIL, GAS & MINING

801 359 3940

DATE	START	RECEIVER	TX TIME	PAGES	TYPE	NOTE	M#	DP
NOV-18	01:08 PM	18602773931	44"	2	SEND	OK	642	

TOTAL : 44S PAGES: 2

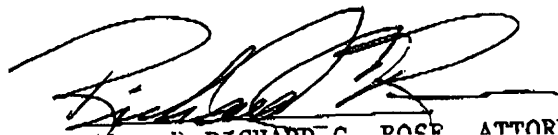
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SURETY COMPANY**

—ooOOoo—

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is the (officer or agent) AGENT, ATTORNEY-IN-FACT of TRAVELERS  
CASUALTY AND SURETY COMPANY OF AMERICA;

and that he/she is duly authorized to execute and deliver the foregoing obligations; and that said  
SURETY COMPANY is authorized to execute the same and has complied in all respects with the  
laws of Utah in reference to becoming sole surety upon bonds, undertakings and obligations  
herein.



RICHARD C. ROSE ATTORNEY-IN-FACT